

SAMUDERA SHIPPING LINE LTD

(Company Registration: 199308462C)

THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2006

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors announces the unaudited results of the Group for the financial period ended 30 September 2006.

	The Group		
	Q3 2006	Q3 2005	+ / (-)
	S\$'000	S\$'000	%
Turnover	164,420	176,205	(6.7)
Cost of services	(154,270)	(150,183)	2.7
Gross Profit	10,150	26,022	(61.0)
Other operating income*	1,678	1,373	22.2
Marketing expenses	(2,710)	(4,057)	(33.2)
Administrative expenses	(2,874)	(3,211)	(10.5)
Other operating expenses	(480)	(30)	n.m.
Profit from operations	5,764	20,097	(71.3)
Finance (expenses) income, net	(1,025)	765	n.m.
Operating profit	4,739	20,862	(77.3)
Share of results of associated company	26	194	(86.6)
Profit before tax	4,765	21,056	(77.4)
Tax	(727)	(460)	58.0
Profit after tax	4,038	20,596	(80.4)
Attributable to:			
Equity holders of the Company	3,941	20,479	(80.8)
Minority interests	97	117	(17.1)
Net profit attributable to shareholders	4,038	20,596	(80.4)

* included in other operating income is the gain on sale of investment property amounting to \$0.9 million and gain of \$0.7 million from sale of investment securities

n.m. = not meaningful

1 (a)(ii) Notes to the Income Statements

	The Group		
	Q3 2006	Q3 2005	+ / (-)
	S\$'000	S\$'000	%
(A) Finance (expenses) income, net			
- Interest income	938	634	47.9
- Interest on borrowings	(1,513)	(670)	n.m.
- Foreign exchange (loss) gain	(450)	801	n.m.
	<u>(1,025)</u>	<u>765</u>	
(B) Depreciation and amortisation	(3,975)	(3,887)	2.3
(C) Write back / (Provision) of doubtful trade debts	1	(205)	n.m.

1 (b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	30 Sept 06 S\$'000	31 Dec 05 S\$'000	30 Sept 06 S\$'000	31 Dec 05 S\$'000
Capital and reserves attributable to equity holders of the Company				
Share capital	99,704	44,928	99,704	44,928
Share premium	-	53,432	-	53,432
Share redemption reserve	-	1,344	-	1,344
Capital reserve	267	267	-	-
Translation reserve	(4,191)	1,571	-	-
Other reserves	(217)	(477)	-	-
Accumulated profits	203,816	209,325	156,679	160,905
	299,379	310,390	256,383	260,609
Minority interests	2,241	2,179	-	-
Total equity	301,620	312,569	256,383	260,609
Non-current assets				
Subsidiaries	-	-	81,328	75,753
Associated companies	18,261	853	17,853	283
Fixed assets	205,253	137,723	28,336	1,469
Deferred charges	6,552	4,431	-	-
Deferred taxation	537	496	-	-
	230,603	143,503	127,517	77,505
Current assets				
Stocks	2,770	2,304	-	-
Trade debtors	82,579	89,043	69,302	79,444
Other debtors, deposits and prepayments	31,025	21,510	12,673	15,689
Due from subsidiaries (trade)	-	-	6,382	5,675
Due from subsidiaries (non-trade)	-	-	6,416	13,004
Due from related companies (trade)	695	687	639	455
Investment securities	10,953	24,051	10,953	24,051
Call and fixed deposits	80,162	93,086	74,237	86,371
Cash and bank balances	24,685	57,577	12,666	21,807
	232,869	288,258	193,268	246,496
Current liabilities				
Trade creditors	36,809	39,351	30,220	35,975
Other creditors and accruals	23,095	27,219	10,344	18,539
Due to subsidiaries	-	-	516	8
Due to related companies (trade)	1,857	1,198	-	-
Hire purchase creditors, current portion	60	105	34	35
Bank term loans (secured), current portion	11,764	7,903	1,080	-
Provision for tax	3,417	1,707	1,746	560
	77,002	77,483	43,940	55,117
Net current assets	155,867	210,775	149,328	191,379
Non-current liabilities				
Due to subsidiary (non-trade)	-	-	-	8,145
Hire purchase creditors, non-current portion	253	229	132	130
Bank term loans (secured), non-current portion	84,597	41,480	20,330	-
Net assets	301,620	312,569	256,383	260,609

1 (b)(ii) The aggregate amount of the group's borrowings and debt securities

	As at 30 Sept 2006		As at 31 Dec 2005	
	Secured S\$ mil	Unsecured S\$ mil	Secured S\$ mil	Unsecured S\$ mil
Amount repayable in one year or less, or on demand	11.82	-	8.01	-
Amount repayable after one year	84.85	-	41.71	-
	<u>96.67</u>	<u>-</u>	<u>49.72</u>	<u>-</u>

Details of any collateral

The Group's borrowings are secured by means of:

- > Corporate guarantees from Company's immediate holding Company, PT Samudera Indonesia Tbk.
- > Corporate guarantees from Company
- > Legal mortgages over certain vessels of its subsidiaries
- > Legal charges over certain bank accounts of the subsidiaries
- > Assignment of income derived from certain charter hire contracts of subsidiaries
- > Assignment of insurance of certain vessels of the subsidiaries
- > Legal mortgages over vessels under constructions
- > Legal mortgages over freehold properties of Company
- > Assignment of insurance, title and interest of freehold properties of Company

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q3 2006 S\$'000	Q3 2005 S\$'000
Cash flows from operating activities		
Profit before tax	4,765	21,056
Adjustments:		
Amortisation of deferred charges	1,155	1,154
Depreciation of fixed assets	2,820	2,733
Provision for doubtful trade debts	-	205
Write back of doubtful trade debts	(1)	-
Impairment of investment securities	-	314
Gain on sale of investment property	(946)	-
Gain on disposal of fixed assets	-	(1,347)
(Gain) Loss on disposal of investment securities	(696)	23
Interest expenses	1,513	670
Interest income	(938)	(634)
Share of results of associated company	(26)	(194)
Unrealised loss (gain) on investment securities	368	(7)
Operating profit before working capital changes	<u>8,014</u>	<u>23,973</u>
(Increase) decrease in:		
Stocks	(159)	148
Trade debtors	5,989	5,104
Other debtors, deposits and prepayments	(2,006)	4,228
Due from immediate holding company	-	(2,112)
Due from related companies	(641)	-
Increase (decrease) in:		
Trade creditors	(1,408)	(471)
Other creditors and accruals	3,873	1,250
Due to immediate holding company	(467)	-
Due to related companies	(198)	(3)
Cash generated from operations	<u>12,997</u>	<u>32,117</u>
Interest paid	(1,513)	(670)
Income tax paid	(288)	(122)
Net cash generated from operating activities	<u>11,196</u>	<u>31,325</u>
Cash flows from investing activities		
Interest income received	938	634
Acquisition of fixed assets	(57,985)	(2,879)
Acquisition of investment property	(13,579)	-
Proceeds from disposal of fixed assets	-	14,874
Proceeds from sale of investment property	14,527	-
Additions to deferred charges	(1,017)	(851)
Proceeds from disposal of investment securities	5,349	1,677
Net cash (used in) generated from investing activities	<u>(51,767)</u>	<u>13,455</u>
Cash flows from financing activities		
Repayment of hire purchase liabilities	(23)	(54)
Payment of share buyback	-	(4,943)
Proceeds from bank term loans	61,483	-
Repayment of bank term loans	(13,111)	(4,383)
Net cash generated from (used in) financing activities	<u>48,349</u>	<u>(9,380)</u>
Net increase in cash and cash equivalents	7,778	35,400
Effect of exchange rate changes on cash and cash equivalents	(211)	124
Cash and cash equivalents at the beginning of the period	<u>97,280</u>	<u>89,801</u>
Cash and cash equivalents at the end of the period	<u>104,847</u>	<u>125,325</u>

1 d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 30 Sept

	Share Capital	Share Premium	Share Redemption Reserve	Capital Reserve	Translation Reserve	Other Reserves	Accumulated Profits	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP									
Balance as at 1 Jul 2006	99,704	-	-	267	(3,493)	(69)	199,875	2,151	298,435
Currency translation	-	-	-	-	(698)	1	-	(7)	(704)
Net profit for the period	-	-	-	-	-	-	3,941	97	4,038
Net unrealised loss on revaluation of cash flow hedges	-	-	-	-	-	(149)	-	-	(149)
Balance as at 30 Sept 2006	99,704	-	-	267	(4,191)	(217)	203,816	2,241	301,620
Balance as at 1 Jul 2005	45,768	53,432	504	267	2,305	(1,056)	175,907	1,974	279,101
Share Buyback	(840)	-	840	-	-	-	(4,943)	-	(4,943)
Currency translation	-	-	-	-	919	-	-	16	935
Net profit for the period	-	-	-	-	-	-	20,479	117	20,596
Net unrealised gains on revaluation of cash flow hedges	-	-	-	-	-	384	-	-	384
Balance as at 30 Sept 2005	44,928	53,432	1,344	267	3,224	(672)	191,443	2,107	296,073

	Share Capital	Share Premium	Share Redemption Reserve	Accumulated Profits	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
COMPANY					
Balance as at 1 Jul 2006	99,704	-	-	147,569	247,273
Net profit for the period	-	-	-	9,110	9,110
Balance as at 30 Sept 2006	99,704	-	-	156,679	256,383
Balance as at 1 Jul 2005	45,768	53,432	504	134,094	233,798
Share Buyback	(840)	-	840	(4,943)	(4,943)
Net profit for the period	-	-	-	15,983	15,983
Balance as at 30 Sept 2005	44,928	53,432	1,344	145,134	244,838

1 d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the three months ended 30 September 2006, there was no change in the Company's share capital.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account and share redemption reserve account have been transferred to the Company's share capital account in the current year.

Except for the above, the Group has applied the same accounting policies and methods of computation in the financial statements of the current financial reporting period as in the audited financial statements for the year ended 31 December 2005.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to item 4.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on net profit attributable to shareholders:

- (i) Based on number of ordinary shares in issue
- (ii) On a fully diluted basis

Group Figures	
Q3 2006	Q3 2005
0.73 cents	3.75 cents
0.73 cents	3.75 cents

For purpose of comparison:

Earnings per share for the quarter ended 30 Sept 2006 is calculated based on the number of issued ordinary shares of 539,131,199.

Earnings per share for the quarter ended 30 Sept 2005 is calculated based on the adjusted number of ordinary shares of 545,514,456 after taking into consideration of shares bought back in Q3 2005 and 1 for 5 bonus issue.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

Net asset value backing per ordinary share based on issued share capital as at the end of period

Group		Company	
30 Sept 06	31 Dec 05	30 Sept 06	31 Dec 05
55.53 cents	57.57 cents	47.55 cents	48.34 cents

For purpose of comparison:

Net asset value per ordinary share as at 30 Sept 2006 is calculated based on the number of issued ordinary shares of 539,131,199.

Net asset value per ordinary share as at 31 Dec 2005 is calculated based on the adjusted number of ordinary shares of 539,131,199 after taking into consideration of 1 for 5 bonus issue.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group's container volume was 336,849 teus in Q3 2006, an increase of 2.6% over the volume achieved in the same period last year.

In Q3 2006, the Group's revenue decreased by 6.7% as compared to Q3 2005. This was due mainly to the drop in freight rates in the container shipping business and the appreciation of Singapore Dollar against US Dollar currency.

Bunker price remained high for most part of the period, which led to an increase in bunker cost. The fuel surcharges imposed by the Group on its customers could only recover part of this increase. On the other hand, charter hire rates of the container vessels chartered-in by the Group decreased during the period, which partially mitigated the increase in the Group's costs of service.

The Group disposed off some of its investments in securities and property during the quarter. These disposals contributed a realized gain of \$1.6 million to the Group.

Additional loans taken by the Group to finance the purchase of vessels and freehold properties led to an increase in interest expenses from \$0.7 million in Q3 2005 to \$1.5 million in Q3 2006. The Group's performance is also affected by the depreciation of US Dollars against Singapore Dollars which resulted in a foreign exchange loss of \$0.5 million compared to \$0.8 million foreign exchange gain reported in Q3 2005.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects freight rates in the Container Shipping Business to remain competitive, owing to the scheduled delivery of newly built container vessels in the industry.

The Group continues to restructure its non-profitable routes including the planned discontinuity of its China-India-Middle East Express (CIX) service in Q4 2006 and the reduction in the number of ships it is deploying in its China-Singapore-India (CSI) service in Q3 2006 and Q4 2006. Concurrently, the Group is exploring other potential services.

The Group continues to review the profitability and feasibility of its existing services.

Two container deck ships, currently under construction, are expected to be delivered between Q4 2006 and Q1 2007. These vessels when delivered, will be deployed in inter-island container shipping in Indonesia.

Bunker price has remained high for most of the year, although it softened somewhat in September and October. Charter hire rates are expected to drop further due to an anticipated over supply of vessels.

The Group continues to expand its Industrial Shipping Business. Sinar Kintap, a coal deck ship, was delivered in August this year to meet the demand of coal transportation in Indonesia. In addition, Sinar Agra, a chemical tanker, is expected to be delivered in November 2006.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No interim dividend has been declared for the period ended 30 Sept 2006.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. **A breakdown of sales.**

Not applicable.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

PART III - OTHER ADDITIONAL INFORMATION

17. **Interested Person Transactions**

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	Q3 2006 S\$'000	Q3 2005 S\$'000
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PT. Samudera Indonesia Tbk

Provision of services - Agency Commission	1,239	1,034
Provision of services - Management Fee	216	215

PT. Samudera Indonesia Ship Management

Provision of services - Ship Management Fees	282	235
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Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Q3 2006 S\$'000	Q3 2005 S\$'000
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PT. Panurjwan

Provision of services - Building rental	9	-
Provision of services - Charter hire	357	-

PT. Masaji Tatanan Container

Provision of services - Depot storage / Repair	98	-
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PT. Prima Nur Panurjwan

Provision of services - Stevedorage	1,071	-
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18. **Confirmation by the Board**

To the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the financial results for the Third Quarter ended 30 September 2006 of the Group and the Company to be false or misleading.

BY ORDER OF THE BOARD

ANWARSYAH
Executive Director

Dated this 30 October 2006